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SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

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FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended March 31, 1992.

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the transition period.

Commission File Number: 0-17921

VENCOR, INCORPORATED

(Exact name of Registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**61-1055020** (I.R.S. Employer Identification No.)
700 Brown & Williamson Tower Louisville, Kentucky (Address of principal executive offices)	**40202** (Zip Code)

Registrant's telephone number, including area code: (502) 569-7300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ____

The number of shares outstanding of the Registrant's common stock, $.25 par value, on April 15, 1992 was 17,804,658.

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PART I. FINANCIAL INFORMATION
ITEM 1
VENCOR, INCORPORATED

CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31 1992 (Unaudited)	December 31 1991 (Note)
	(In thousands)	
Assets		
Current Assets		
Cash and cash equivalents	$25,353	$43,423
Patient accounts receivable, less allowance for doubtful accounts of $1,752,000 in 1992 and $1,572,000 in 1991.	47,006	38,875
Inventories	2,387	2,013
Other current assets	8,145	7,281
Total Current Assets	82,891	91,592
Property and Equipment, less accumulated depreciation of $6,772,000 in 1992 and $5,718,000 in 1991.	67,559	52,468
Other Assets	5,058	4,174
Total Assets	$155,508	$148,234
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$9,932	$8,409
Accrued compensation and benefits	8,447	7,444
Income taxes payable	2,726	2,570
Current portion of long-term debt	309	343
Total Current Liabilities	21,414	18,766
Deferred Credits and Other Liabilities	3,427	2,555
Long-Term Debt, less current portion	885	866
Shareholders' Equity		
Common Stock, par value $.25 per share; authorized 20,000,000 in 1992 and 1991; issued 18,316,319 and 18,305,770 in 1992 and 1991.	4,579	4,577
Paid-in capital	106,546	106,230
Retained Earnings	19,172	15,849
	130,297	126,656
Less cost of Common Stock held in treasury (511,661 shares in 1992 and 605,801 in 1991)	515	609
Total Shareholders' Equity	129,782	126,047
Total Liabilities and Shareholders' Equity	$155,508	$148,234

See notes to condensed consolidated financial statements.
Note: The balance sheet at December 31, 1991 has been derived from the audited financial statements at that date.

VENCOR, INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(In thousands except per share data)

	Three Months Ended March 31	
	1992	1991
Net Revenues		
Net revenues – patient services	$46,213	$26,960
Other revenues	713	1,136
Total Net Revenues	46,926	28,096
Expenses		
Hospital operating expenses	37,673	23,009
Corporate general and administrative expenses	2,323	1,311
Depreciation and amortization	1,299	473
Interest	78	358
Total Expenses	41,373	25,151
Income Before Taxes	5,553	2,945
Income Taxes	2,230	1,215
Net Income	$3,323	$1,730
Common Share	$0.18	$0.12
Equivalent Shares Outstanding	18,386,693	14,197,314

See notes to condensed financial statements.

VENCOR, INCORPORATED

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

	Three Months Ended March 31	
	1992	1991
Operating Activities		
Net income	$3,322	$1,730
Adjustments to reconcile net income to net cash provided from operating activities:		
Provision for allowance for doubtful accounts	483	205
Other adjustments to net income	2,520	449
Changes in operating assets and liabilities	(7,129)	(496)
Net Cash (Used in) Provided by Operating Activities	(804)	1,888
Investing Activities		
Property and equipment additions	(3,358)	(4,012)
Net assets of acquired hospitals	(12,788)	(2,342)
Other assets	(1,129)	(1,430)
Net Cash Used in Investing Activities	(17,275)	(7,784)
Financing Activities		
Net proceeds from sale of Common Stock	0	34,452
Decrease in notes payable	0	(285)
Increase in long-term debt	20	1,600
Payments on long-term debt	(35)	(14,482)
Net proceeds from shareholders' equity transactions	24	0
Net Cash Provided by Financing Activities	9	21,285
(Decrease) Increase in Cash	(18,070)	15,389
Cash and Cash Equivalents at Beginning of Year	43,423	4,485
Cash and Cash Equivalents at End of Period	$25,353	$19,874

See notes to condensed consolidated financial statements.

VENCOR, INCORPORATED

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
MARCH 31, 1992

Note 1

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1992 are not necessarily indicative of the results that may be expected for the year ended December 31, 1992. For further information, refer to the financial statements and footnotes thereto included in the Company's annual report to shareholders, which are incorporated by reference into the Company's annual report on Form 10-K for the year ended December 31, 1991.

Note 2

The Company insures for medical malpractice losses through claims-made policies, which, in the opinion of management, are adequate to cover losses, if any. Should the claims-made policies not be renewed or replaced with equivalent insurance, claims based upon occurrences during their terms but reported subsequently will be uninsured. The Company intends to continue to carry such insurance. The Company accrues its best estimate of losses as determinable.

Note 3

During the first quarter of 1992, the Company purchased three hospital facilities (principally land, buildings and equipment) for approximately $12,788,000.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

I. RESULTS OF OPERATIONS

Three Months Ended March 31, 1992 Compared to March 31, 1991

Net revenues for the three months ended March 31, 1992, increased to $46,926,000 from $28,096,000, an increase of 67.0%. Net revenues from hospitals increased to $46,213,000 from $26,960,000. Of the $19,253,000 increase in hospital net revenues, 38.2% was attributable to net revenues from six new hospitals and 61.8% was attributable to a higher patient census and a more favorable payor mix at the 13 hospitals that were in operation during both periods.

Patient days increased to 49,987 from 31,837, an increase of 57.0%. Of the 18,150 increase in patient days, 66.0% was due to higher census at those hospitals in operation during both periods, and 34.0% was attributable to new hospitals.

Charge-based net revenue increased 37.8% from $15,840,000 in 1991 to $21,829,000 in 1992.

Other revenues decreased 37.2% from $1,136,000 in 1991 to $713,000 in 1992. Other revenues in 1991 included management fee income of $240,000. The Company's agreement to manage Vencor Hospital • South Louisiana was terminated in February 1991. Other revenues in 1991 also included non-recurring collection fee income of $515,000. In 1992, other revenue included $324,000 in investment income earned on proceeds from two 1991 common stock offerings.

Total expenses for the period increased to $41,373,000, an increase of 64.5%. Of the $16,222,000 increase, $14,664,000, or 90.4%, was due to an increase in hospital operating expenses. Of the $14,664,000 increase, $7,361,000, or 50.2%, was due to hospital operating expenses at new hospitals, and $7,303,000, or 49.8%, was due to a higher patient census at those hospitals in operation during both periods.

Corporate general and administrative expenses increased 77.2% from $1,311,000 to $2,323,000. For 1991 and 1992, these expenses were 4.7% and 5.0% of net revenues, respectively. This increase was primarily due to an increase in travel expenses and salaries for new employees. These expenses increased as a percent of net revenues due to the substantial increase in the number of facilities in a start-up phase for the period ended March 31, 1992, as compared to March 31, 1991. New facilities require corporate support services prior to contributing revenues.

Depreciation and amortization increased 174.6% from $473,000 to $1,299,000 in 1992, as the Company purchased and renovated additional hospital facilities. Net depreciable assets were $29,631,000 and $49,346,000 at March 31, 1991 and 1992, respectively.

Interest expense decreased 78.2% from $358,000 to $78,000 in 1992. This decrease was due primarily to the repayment of debt using the net proceeds from the Company's common stock offerings in October 1990, February 1991 and October 1991.

II. LIQUIDITY AND CAPITAL RESOURCES

Three Months Ended March 31, 1992 Compared to March 31, 1991

Working capital was $33,783,000 and $61,477,000 as of March 31, 1991 and March 31, 1992, respectively. Cash, cash equivalents and short-term investments totalled $19,874,000 and $25,353,000 at March 31, 1991, and March 31, 1992, respectively. Historically, the Company has financed its growth and operations principally through bank borrowings and the issuance of equity securities. During the first quarter of 1992, the Company used current cash holdings to finance acquisitions of three additional hospital facilities.

Net cash used in operating activities for the three months ended March 31, 1992 was $804,000 compared to net cash provided by operating activities of $1,888,000 for the same period last year. Net cash used in or provided by operating activities was reduced by increases in net accounts receivable of $4,185,000 and $8,614,000 in 1991 and 1992, respectively. On February 19, 1991, the Company received payment of approximately $2,500,000 on a note receivable in connection with the termination of its Management Agreement relating to Vencor Hospital • South Louisiana.

Net cash used in investing activities increased to $17,275,000 from $7,784,000. Cash used in investing activities in 1992 was primarily attributable to the purchase of three additional facilities as well as renovation costs of newly-acquired and existing hospital facilities. Cash used in investing activities in 1991 included the acquisition of one hospital facility.

Net cash provided by financing activities decreased to $9,000 from $21,285,000 for the same period last year. This decrease primarily reflects the proceeds from the Company's February 1991 common stock offering.

PART II. OTHER INFORMATION

Item 1.	Legal Proceedings	None
Item 2.	Changes in Securities	None
Item 3.	Defaults Upon Senior Securities	None
Item 4.	Submission of Matters to a Vote of Security Holders	None
Item 5.	Other Information	None

Item 6. Exhibits and Reports on Form 8-K

(a) The following exhibits are included herein:

(4) Instruments Defining the Rights of Security Holders, Including Indentures

(11) Statement Re: Computation of Earnings Per Share

(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VENCOR, INCORPORATED
Registrant

Date April 22, 1992 By _____
W. Bruce Lunsford, Esq.
Chairman of the Board,
President and Chief Executive Officer

Date April 22, 1992 By _____
W. Earl Reed, III
Vice President, Finance and Development

EXHIBIT INDEX

No.	Description	Page No.
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11	Statement Re: Computation of Earnings Per Share	13

EXHIBIT (4) -- INSTRUMENTS DEFINING THE RIGHTS OF SECURITY HOLDERS, INCLUDING INDENTURES

Copies of debt instruments for which the related debt is less than 10% of total assets will be furnished to the Commission upon request.

EXHIBIT (11) -- STATEMENT RE: COMPUTATION OF EARNINGS PER SHARE

The earnings per share amounts in the statements of operations have been computed in accordance with a Staff Accounting Bulletin (SAB) of the Securities and Exchange Commission. Earnings per share are based on the weighted average number of common shares and common share equivalents outstanding. Common share equivalents include dilutive stock options using the treasury stock method (computed at the average market price during the periods indicated).

The weighted average number of common shares and common stock equivalents used in the computation of earnings per share is as follows:

	Three months ended March 31	
	1992	1991
	Primary	Primary
Weighted average of shares outstanding	17,767,372	13,557,653
Incremental shares from use of treasury stock method for stock options at the average market prices for the periods indicated	619,321	639,661
Average common and common equivalent shares outstanding	18,386,693	14,197,314
Net income (in thousands)	$ 3,323	$ 1,730
Per share amount	$ 0.18	$ 0.12